# Econ 203 Quiz 2 (Make sure to put your name on your scantron)

1. While disagreeing about the effectiveness of debt forgiveness for poor nations, Harvard economist Robert Barro and U2 lead singer Bono agreed on

a. the importance of aid being tied to meaningful conditions on the use of the aid

b. the importance of large infrastructure projects to national economic growth

c. the importance of the IMF to national economic growth

d. none of the above

2. European colonization is sometimes given as a reason for poverty in Africa. What country(s) provide strong counter-evidence to this proposition?

a. Australia b. Russia

c. Portugal d. all of the above

3. Which answer below is the biggest influence on poverty in Africa?

a. lack of natural resources b. exploitation by foreigners

c. little population for labor d. none of the above

4. From the 1960s onward, Julian Simon wrote books and articles emphasizing an outlook on economic growth based on

a. the ability of individuals to come up with creative solutions to expand the limits of finite resources

b. the importance of political institutions that protected key freedoms

c. the idea that limited land produces slow growth in food production and widespread food shortages

d. none of the above

5. In contrast to the concerns of many from the 1960s, countries such as Japan and Russia face future problems

a. increases in their populations b. increases in future birth rates

c. decreases in infant mortality rates d. none of the above

6. In our discussion about African economic problems, and particularly Nigeria, which of the following seems a common occurrence?

a. diversion of aid and funds for economic development into the hands of corrupt officials

b. World Bank and IMF funding conditions that are not met but funding continues anyway

c. lack of effective “property rights” protections for citizens

d. all of the above

7. Widespread reliance on finite resources

a. has lead to rapid depletion of most key resources soleum and key metals over the past 100 years

b. is the main cause of poverty in Southern Asia

c. has resulted in growth in world population and average living standards because human creativity has found ways of utilizing those resources more efficiently

d. none of the above

8. Which of the following is critical to mainstream economic views of sustainable economic growth:

a. ensuring that prices reasonably reflect the value of resources being used

b. distinguishing between renewable and non-renewable resources

c. developing long term, national plans for utilizing resources

d. all of the above

9 Which of the following best describes one of economics underlying ethical foundations?

a. focused on money-consumption even though recognizing other things matter some

b. focused on the costs and benefits to humans of outcomes

c. focused on identifying relevant costs and tradeoffs in decisions

d. all of the above

10. Which of the following was presented as a key moral/ethical aspect of market-based systems?

a. the positive of market reliance on voluntary exchange

b. the negative of market reliance on power and force

c. the negative of market emphasis on entitlement

d. all of the above

11. Which of the following is a characteristic of income-wealth equality/inequality in the U.S.?

a. the fact that most households in the lowest income groups stay in those groups over a lifetime

b. the fact that there is substantial household income mobility over time both upward and downward

c. the fact that there is very little income transferred to the poor in the U.S.

d. none of the above

12. Which of the following is a contributor to chronic poverty in the U.S.?

a. substance abuse b. family problems

c. violent environment d. all of the above

13. Fairness

a. does not matter to economists or economic analysis

b. does not seem to matter to most individuals

c. is very difficult to assess when aggregating across many diverse individuals

d. all of the above

14. The near extinction of buffalo resulted from

a. the fact that they are a non-renewable resource

b. the fact that they are a finite resource

c. the fact that they were a unowned/unpriced resource

d. none of the above

15. The term “Spaceship Earth” is used to highlight

a. finite nature of resources b. mankind’s insignificance

c. the ever changing environment d. none of the above

16. The CEE reading on Resources presented a table on several minerals. The point of this table is that

a. the prices of these minerals have increased over the past 50 years

b. the demand for and use of these minerals has dramatically declined

c. the known reserves of these minerals have actually increased in the past 50 years

d. none of the above

17. The St. Louis Fed article on U.S. Income Inequality focuses most of its attention, including its graphics, on

a. income mobility of households over a decade

b. the size of the income gap between richest and poorest households in 2000

c. the definition of the poverty level for households

d. none of the above

18. The article on Ethics and Economics quotes, “It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest,” from

a. David Hume’s A Treatise on Human Nature

b. Adam Smith’s Wealth of Nations

c. John Stuart Mill’s Principles of Political Economy

d. John Keynes’ General Theory

19. In economics, the focus of sustainability is on

a. central planning and consumption restrictions

b. resource valuation, ownership, fees, taxes

c. whether resources are finite or renewable

d. none of the above

20. An example of the problems and inconsistencies that can arise in aggregating preferences in illustrating the “Arrow Theorem” was

a. the 1912 election between Wilson, Roosevelt, and Taft

b. the 2000 election between Gore and Bush

c. the 1968 election between Nixon and Humphrey

d. the 1932 election between Roosevelt and Hoover

21. Put “A” for your answer

**Correct Answers: 1a, 2a, 3d, 4a, 5d, 6d, 7c, 8a, 9d, 10a, 11b, 12d, 13c, 14c, 15a, 16c, 17a, 18b, 19b, 20a, 21a**